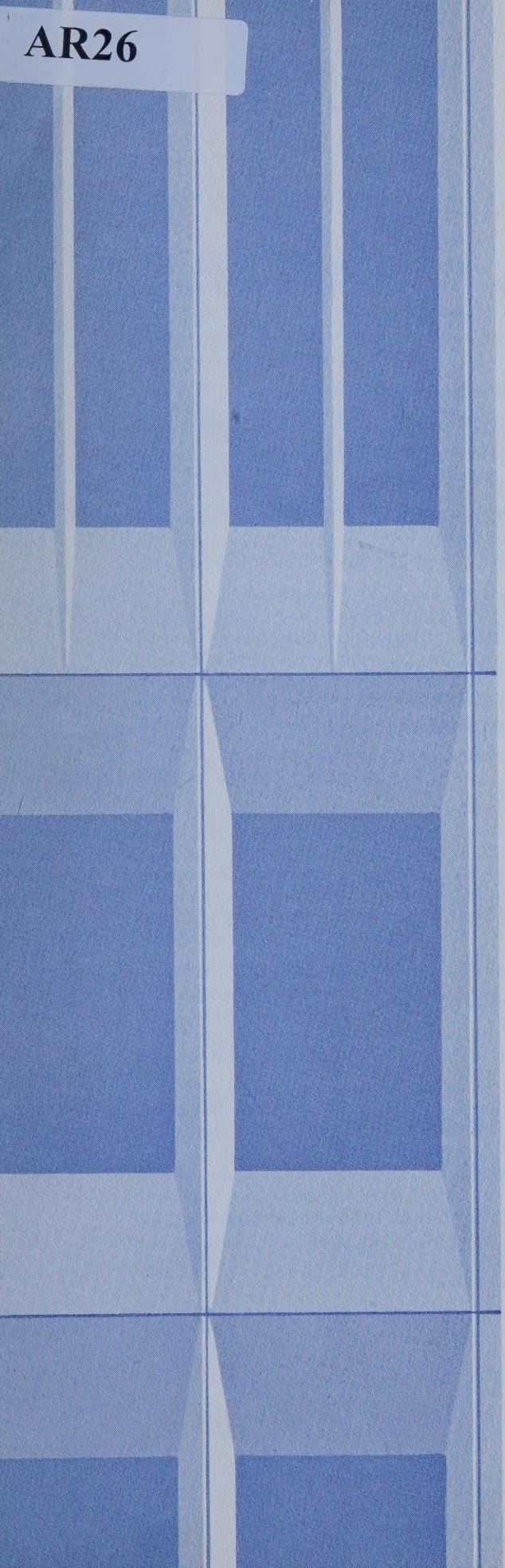
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Annual Report 1965

SUPERCRETE LTD.

222 PROVENCHER AVENUE, ST. BONIFACE, MANITOBA

SUPERCRETE LTD.

HEAD OFFICE — 222 PROVENCHER AVENUE, ST. BONIFACE, MANITOBA

OFFICERS

President, J. HENRY BORGER
Vice-President, FRANK M. FOWLER, P.ENG.
Vice-President, ALEX ROBERTSON
General Manager, BRIAN WHITFIELD, P.ENG.
Secretary-Treasurer, FRED DUNSMORE, C.A.

DIRECTORS

J. HENRY BORGER
FRANK M. FOWLER, P.ENG.
CLARENCE LOWE
ALEX ROBERTSON
CHARLES SCHWARTZ, JR.
D. A. THOMPSON, Q.C.

TRANSFER AGENT AND REGISTRAR
TRUSTEE FOR DEBENTURE HOLDERS

MONTREAL TRUST COMPANY
Winnipeg, Man.

SOLICITORS

THOMPSON, DILTS & COMPANY

AUDITORS

PRICE WATERHOUSE & CO.

ANNUAL MEETING

The Annual General and Special General Meeting of Shareholders will be held at 2:00 p.m. Thursday, May 12, 1966, at the head office of the Company, St. Boniface, Man.

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To Our Shareholders:

The Board of Directors submits herewith the consolidated financial statements of Supercrete Ltd. and subsidiary companies for the year ended December 31, 1965, together with the report of the auditors.

After providing for depreciation of $455,115, the net earnings for 1965 amounted to $360,670 as compared to net earnings in 1964 of $481,528 after depreciation of $437,746. This decrease in net earnings is mainly due to a substantial reduction in the sales of concrete sewer pipe as compared with the record volume attained the previous year, and certain cost increases as a result of inclement weather. However, improvements were shown in all other operating divisions and this was especially significant in the pre-cast, pre-stressed concrete division. The 1965 statements were prepared in accordance with the new Manitoba Companies Act and for proper comparison purposes it was necessary to reclassify certain of the figures relating to the 1964 financial statements.

The consolidated statement of source and application of funds for the year ended December 31, 1965 reflects a slight decrease in working capital of $18,376. The major reason for this decrease was the expenditure of approximately $200,000 on the acquisition of land and gravel pits for future expansion of the Company. The Company continues to maintain a strong liquid position with consolidated working capital of $1,534,331. A cash dividend of 2 cents per share was paid in November, 1965 and it is hoped that the financial position of the Company will warrant a dividend payment in the current year.

We are most grateful to our employees whose fine efforts have contributed so much to the welfare of the Company.

Although the outlook for construction in 1966 is very favourable, we must temper our optimism somewhat with the knowledge of excessive production capacity in our market area and the continuous increase in the cost of materials and labour. Our 1966 program includes an estimated expenditure of approximately $160,000 on a new central mix concrete plant to be located in the southwestern area of Greater Winnipeg. We feel that this second concrete plant will enable us to distribute concrete more economically and also provide better service to our customers.

Mr. John Jackson, who had been extremely active with the Company in its early stages and had continued as a director of the Company, has tendered his resignation, which has been accepted with sincere regret. It is proposed that the number of directors of the Company should be reduced from seven to six. A by-law for this purpose has been passed by the directors and will be presented to the shareholders for their approval.

The authorized capital stock of the Company consists of $1,250,000 divided into 5,000,000 shares of the par value of 25c each, of which 4,949,501 shares are issued and outstanding. The directors have passed a special resolution which, if approved by the shareholders, would have the effect of consolidating the present authorized capital into 1,000,000 shares, each of the par value of $1.25. Subject to such approval, the shareholders will receive 1 new share for each 5 present shares now held. It is not proposed that any additional shares be issued by the Company.

This special resolution will be submitted to the shareholders at the time of the annual meeting for their approval.

On behalf of the Board,

J. HENRY BORGER,
President

PRICE WATERHOUSE & CO.

232 PORTAGE AVENUE
WINNIPEG 1, MAN.

March 11, 1966

AUDITORS' REPORT

To the Shareholders of
Supercrete Ltd.:

We have examined the consolidated balance sheet of Supercrete Ltd. and subsidiary companies as at December 31, 1965 and the consolidated statements of earnings and retained earnings and contributed surplus for the year ended on that date. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings and contributed surplus present fairly the financial position of the companies as at December 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of source and application of funds for the year ended December 31, 1965 and in our opinion it presents fairly the changes in working capital for the year.

Price Waterhouse & Co.

Chartered Accountants.

SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings and Retained Earnings

For the Year Ended December 31, 1965

	1965	1964
Sales and other income, less cost of goods sold, except depreciation, depletion and amortization shown below	$1,392,949	$1,507,601
Other costs and expenses:		
Selling, general and administrative expenses	478,525	476,499
Depreciation, depletion and amortization	455,115	437,746
Remuneration of directors	4,500	4,500
Interest on long-term debt	94,139	107,328
	1,032,279	1,026,073
Net earnings for the year (Note 5)	360,670	481,528
Retained earnings at the beginning of the year	784,588	402,050
	1,145,258	883,578
Less—Dividend paid (2c per share)	98,990	98,990
Earnings retained since December 31, 1961	$1,046,268	$ 784,588

Consolidated Statement of Contributed Surplus

For the Year Ended December 31, 1965

	1965	1964
Balance at the beginning of the year	$ 479,522	$ 479,522
Final recovery from trustee in bankruptcy of Supercrete (Ontario) Limited (Note 3)	39,003	—
Balance at the end of the year	$ 518,525	$ 479,522

SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

Consolidate

DECEM

ASSETS

	1965	1964
CURRENT ASSETS:		
Cash	$ 14,658	$ 4,087
Accounts receivable (Note 3)	1,308,569	1,261,456
Inventories (Notes 2 and 3)	1,292,862	1,243,474
Prepaid expenses	13,401	12,618
Total current assets	2,629,490	2,521,635
PROPERTY, PLANT AND EQUIPMENT—at cost	5,882,141	5,460,819
Less—Accumulated depreciation, depletion and amortization	3,398,113	3,029,802
	2,484,028	2,431,017
	$5,113,518	$4,952,652

Approved by the Board:

J. H. BORGER, *Director*

F. M. FOWLER, *Director*

lance Sheet

1, 1965

LIABILITIES

	1965	1964
CURRENT LIABILITIES:		
Bank loans, secured (Note 3)	$ 500,000	$ 260,000
Accounts payable and accrued liabilities	375,159	485,741
Current instalments of long-term debt (Note 3)	220,000	223,187
Total current liabilities	1,095,159	968,928
LONG-TERM DEBT, less current instalments (Note 3)	1,216,191	1,482,239
Total liabilities	2,311,350	2,451,167
COMMITMENTS (Note 4)		

SHAREHOLDERS' EQUITY

CAPITAL STOCK:		
Common shares—par value 25c each:		
Authorized—5,000,000 shares		
Issued —4,949,501 shares	1,237,375	1,237,375
CONTRIBUTED SURPLUS, per statement attached	518,525	479,522
EARNINGS RETAINED SINCE DECEMBER 31, 1961, per statement attached	1,046,268	784,588
	2,802,168	2,501,485
	$5,113,518	$4,952,652

SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

Notes to the Financial Statements

December 31, 1965

1. PRINCIPLES OF CONSOLIDATION:

All subsidiary companies were wholly-owned at December 31, 1965, and all have been included in the consolidated financial statements.

2. INVENTORIES:

Finished goods and merchandise	$ 361,606
Raw materials	656,409
Supplies and spare parts	162,056
Incomplete contracts, at cost less $54,456 progress billings	112,791
	$1,292,862

Finished goods and raw materials are stated on the basis of the lower of average cost or market, and merchandise, supplies and spare parts on the basis of the lower of cost, on a first-in first-out basis, or market.

3. LONG-TERM DEBT:

	Current Instalments	Long-Term
6% non-convertible subordinated sinking fund debentures	$120,000	$ 554,952
Bank loan (collaterally secured by 6% serial debentures issued for that purpose)	100,000	361,239
Notes payable to shareholder, due on or after March 31, 1967	—	300,000
	$220,000	$1,216,191

Payments of $120,000 are due on March 31 in each of the years 1966 to 1971 inclusive as a sinking fund in respect of the 6% non-convertible debentures. The bank loan of $461,239 is repayable $100,000 annually in each of the years 1966 to 1969 and the balance in 1970. As security for this loan and for current bank loans, the banks hold a pledge of the accounts receivable and of a substantial portion of the inventories of the Company and its subsidiary companies.

The final recovery of $39,003 from the trustee in bankruptcy of Supercrete (Ontario) Limited has been applied against the last instalment of the Company's long-term bank loan.

4. COMMITMENTS:

The companies' minimum annual commitments under property leases are approximately $90,000 for a minimum of seven years. One of the leases contains a provision relating to the quantity of raw materials removed.

5. TAXATION:

Income taxes which otherwise would have been payable for the year, have been eliminated through application of losses of prior years and the claiming of capital cost allowance in excess of depreciation recorded in the accounts for the year. The companies claimed amounts of capital cost allowance in the years 1959 to 1964 which were less than depreciation recorded, with the result that the undepreciated capital cost of fixed assets at December 31, 1965 exceeds the value of the depreciable assets shown in the balance sheet by $1,660,000.

Consolidated Statement of Source and Application of Funds

For the Year Ended December 31, 1965

	1965	1964
Funds were provided by:		
Operations:		
Net earnings for the year	$360,670	$481,528
Depreciation, depletion and amortization	455,115	437,746
	815,785	919,274
Final recovery from Supercrete (Ontario) Limited	39,003	—
	854,788	919,274
Funds were applied to:		
Expenditures on property, plant and equipment (net)	508,126	387,948
Reduction of long-term debt	266,048	231,224
Cash dividend to shareholders	98,990	98,990
	873,164	718,162
Increase (decrease) in working capital	$(18,376)	$201,112



